

Slide 1 Introduction

Focusing on the “Hot Spots”

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Slide 2 “Hot Spots:” Areas of Focus

- 10-Day Obligation
- Tri-annual Review
- Problem Disbursements
- Closed/Expired Accounting
- Outstanding Travel Advances
- MOCAS Closeout and Conversion

Slide 3 10-Day Obligation Rule

Record obligations no later than 10 calendar days after incurred (DOD FMR, Volume 3, Chapter 8, Section 0803, revised November 2000)

- 6 calendar days – copy of obligating document(s) provided to office responsible for recording obligations
- 3 calendar days – upon receipt, record obligation

Slide 4 10-Day Obligation Rule (continued)

If obligations remain unrecorded prior to disbursement and valid obligating documentation is available, DFAS applies 3-/10-Day Rules:

- DFAS notifies fund holder. If \$2,500 or less, obligate within 3 calendar days. If greater than \$2,500, obligate within 10 calendar days.
- If fund holder fails to obligate within prescribed timeframes, DFAS must obligate immediately (for General Fund (GF)) and pay as transaction for others (TFO) (for Navy Working Capital Fund (NWCF))

Slide 5 10-Day Obligation Rule (continued)

ASN(FM&C) Guidance

- 3 July 2001: 3-/10-Day Rules
- 24 August 2001: Official list of valid obligating documentation for General FundProblems:
- STARS One Pay “M” Status
- Prevalidation Issues with MOCAS
- Increase in UMDs/NULOs
- CBA Suspended Accounts

Slide 6 Tri-annual Reviews

(DOD FMR, Vol. 3, Ch. 8, Section 0804)

- Purpose: To ensure timeliness, accuracy, and completeness of transactions for each period ending 31 January, 31 May, and 30 September
- Scope: Includes commitments, obligations, accrued expenditures, and earned receivables that are over 120 days old

Slide 7 Tri-annual Reviews (continued)

Dollar thresholds for outstanding commitments & obligations:

- \$200,000 or greater—investment appropriations
- \$50,000 or greater—operating appropriations

At fiscal year-end, all commitments and obligations must be reviewed

Slide 8 Tri-annual Reviews (continued)

- Reviews hold fund holder and Major Command (Comptroller) accountable: both must certify to the completeness and accuracy of reviews IAW prescribed criteria and that appropriate corrective actions have been taken for erroneous transactions
- Implementing guidance issued 16 July 2001 (ASN(FM&C) Office of Budget)

Slide 9 Problem Disbursements

DOD FMR requirements for obligating overaged PDs

Volume 3, Chapter 11

- When DFAS as obligation documentation, 3-/10-Day Rules apply
- When DFAS has no obligation documentation, 120-/180-Day Rules* apply for collocated and non-collocated disbursements

(Interim guidance: ASN(FM&C) memo, 3 July 2001)

*New 90-/120-Day rules effective 1 April 2002

Slide 10 Problem Disbursements (continued)

120-/180-Day Rules

Disbursement	DFAS Action
Collocated	If fund holder fails to record or correct obligation after 120 calendar days, obligate or correct within 10 calendar days based on disbursement documentation (120-Day Rule)
Non-collocated	Same action as above if fund holder fails to record or correct obligation after 180 calendar days (180-Day Rule)

Speaker Notes:

Collocated: When entitlement and accounting offices are within same proximity

Non-Collocated: When entitlement and accounting offices are not within same proximity

Slide 11 Problem Disbursements (continued)

New DOD Policy: 90-/120-Day Rules Beginning 1 April 2002, current policy for researching and resolving disbursements is reduced from 120 days to 90 days (collocated) and 180 days to 120 days (non-collocated)
(OSD Memo, 11 February 2002)

Slide 12 Problem Disbursements (continued)

Post 10/1/00 PDs: 120 Days vs. 180 Days

As of Jan. 2002	> 120 Days \$M (abs)	> 180 Days \$M (abs)
General Fund	\$86	\$32
Marine Corps	\$21	\$11
NWCF	\$79	\$64
Grand Total	\$186	\$107

Goal is \$0

Slide 13 Problem Disbursements (continued)

General Fund PD Cleanup (pre 10/1/00)

As of November 2001: \$68M

Eliminate balance for December 2001 – May 2002 (\$62M as of 31 January 2002)

Goal is \$0

Slide 14 STARS HCM Interfund Suspense Account 3885

As Of:	Count	Net \$	Absolute \$
FY 2001	128K	\$147M	\$201M
Nov. 2001 (JV#1 Processed)	70K	\$50M	\$65.4M
Present (JV#2 in Process)	11K	\$12.4M	\$17M

Future Actions: Will coordinate with DFAS and responsible Major Commands as needed

Questions regarding other suspense accounts: STARS-FL, MFCS

Slide 15 Closed/Expired Accounting

DOD FMR requirements: Volume 3, Chapter 10 (December 2000)

Closed:

- Tracking of unexpended balance plus changes at fiscal year/appropriation level
- 1% rule of current authority
- Payment of invoices against closed appropriations (1553 Report data as of 31 January 2002: 18 invoices for \$603,030)
- Adjustments

Slide 16 Closed/Expired Accounting (continued)

Expired: \$4M / \$25M threshold and contract changes

Slide 17 Outstanding Travel Advances (OTAs)

DOD FMR requirements:

- No advance shall be paid if an employee has a prior advance outstanding (Vol. 9, Ch. 5, section 050511B)
- OTAs not fully recovered by deductions shall be collected promptly IAW applicable debt collection laws and regulations (Vol. 9, Ch. 5, section 050513E)
- System of internal controls required to assure repayment of OTAs (Vol. 9, Ch. 5, sections 050405 & 050513)

Slide 18 OTA Initiative

DFAS-CL and DFAS-CH formed IPT in February 2001

- Goal: To reduce and eliminate OTAs in STARS HCM/FL for fiscal years 1996-1999
- Results:
 1. Implemented write-off policy for OTAs \$250 or less (FMO approved in October 2001) Total: \$5.3M (absolute dollars)
 2. In February 2002, proposed write-off policy for OTAs up to \$100,000 (under review by FMO) Total: \$18M (absolute dollars)

Speaker Notes:

FMO analysis of OTA data from DFAS-CH

Key finding: Multiple OTAs attributed to several travelers with different travel orders.

- At least 80% of travelers had two or more OTAs (STARS HCM/FL).
- In STARS HCM, one traveler had 11 OTAs (over \$2,500 abs) and another traveler, 19 OTAs (\$2,400 abs)
- In STARS FL, one traveler had 19 OTAs (\$1,800 abs)

Although overall \$amount and #OTAs are immaterial, the #travelers with multiple OTAs is significant.

Slide 19 MOCAS Closeout/Conversion

- DON #contracts as of 1/31/02: 105,650
- Current Priority: Physically complete contracts (54,475)
- Focus on resolving financial issues including problem disbursements, discrepancies between MOCAS and applicable accounting system (STARS, MFCS, MISIL, etc.), and invoices against closed appropriations.

Slide 20 MOCAS Closeout/Conversion (continued)

- Assist in expediting vendor submission of invoices in closing appropriations Work with your acquisition community

Slide 21 We Need Your Feedback

- In complying with various regulations, what are your Challenges? Constraints?
- Do you have the necessary tools available to monitor “hot spots?”